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C O N F I D E N T I A L SECTION 01 OF 02 TAIPEI 001563

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SUBJECT: FORMER PRESIDENT LEE TENG-HUI CRITICIZES PRESIDENT
MA AND DISCUSSES CROSS-STRAIT RELATIONS

REF: TAIPEI 684

Classified By: AIT Director Stephen M. Young,
Reasons: 1.4 (b/d)

¶1. (C) Summary: Former President Lee Teng-hui told the Director on October 31 that, in his view, cross-Straits talks should now be conducted directly between government agencies such as the Mainland Affairs Council (MAC) and the PRC's Taiwan Affairs Office rather than through intermediary bodies (SEF and ARATS). Lee expressed concern that Taiwan could be disadvantaged by over-dependence on the much-larger China. He strongly criticized the performance of President Ma Ying-jeou during his first five months in office, suggesting that Ma lacked both needed expertise and leadership qualities. Lee said he sympathized with the large-scale protest demonstration against Ma and China that was held on October 25 though he did not participate. Lee revealed he had asked MAC Chairperson Lai Shin-yuan to quit her government position but Lai had not taken his advice. End Summary.

¶2. (C) The Director and former President Lee Teng-hui discussed the current KMT administration and cross-Straits relations in a meeting at Lee's Taipei residence on October 31. Lee noted that PRC President Hu Jintao had reportedly told President Bush in a phone conversation (Note: presumably a reference to the March 2008 Bush-Hu phone call just after Ma's election) that Beijing and Taiwan could hold peaceful talks according to the "1992 consensus." The problem, Lee said, is that President Ma Ying-jeou should be clear there was no consensus in 1992 since he was Mainland Affairs Council (MAC) Deputy Chairman at the time. When Ma visited him after the election, Lee recalled, he challenged Ma on this point, predicting there would be problems if Ma used the term "one China, separate interpretations." Now, Hu and Ma have both referred to a possible peace agreement. Such an agreement, which would have very broad implications, would change the status quo in the Taiwan Strait, Lee maintained, adding that he wondered how the U.S. would view such a development.

¶3. (C) Lee recalled that as president he had taken steps in the early 1990s to democratize Taiwan and adjust policy toward the mainland. Lee said he believed China should be treated as a neighbor and friend and not as an enemy as some DPP politicians did. Lee noted that he had established the

Straits Exchange Foundation (SEF) in 1991 to serve as a "white gloves" intermediary organization to deal with the PRC. He had to use this method because of Taiwan's restrictive policies at the time that precluded "official" contacts with Beijing. At first reluctant to reciprocate, Beijing 10 months later set up the counterpart Association for Relations Across the Taiwan Strait (ARATS).

14. (C) Now, many years later, "white glove" intermediary organizations (i.e., SEF and ARATS) are no longer needed, and relations should be conducted on a government-government basis, for example, by the Mainland Affairs Council (MAC) and the PRC's Taiwan Affairs Office (TAO). Lee doubted that SEF had taken into account the military's views when it opened eight airports for cross-Strait flights, including a number of airports used by the military. Lee suggested that SEF Chairman P. K. Chiang was an investor in the mainland who was pursuing his own business interests in the SEF-ARATS discussions. While it was all right to sign economic agreements, the most important issue was security. In addition, Lee questioned what would happen to Taiwan if it came under too much Chinese influence, given China's very large size compared to Taiwan. Taiwan needs to consider its own interests and expand economic relations with other countries, Lee maintained.

15. (C) Ma Ying-jeou's only expertise is on the Law of the Sea, Lee asserted, adding that Ma does not understand economics or other issues. In Lee's opinion, Ma's performance over his first five months in office shows a lack

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of good judgment, "guts," and grasp of how to manage the government. Ma made a big mistake at the beginning when he said he would stay on the "second line." Lee asserted that Ma lacked two qualities needed by a leader: a coherent philosophy and religious faith. For example, Lee suggested, a Christian leader would have motivation and a sense of social justice and would know how to set priorities. By contrast, Ma has been floundering for five months, showing he just does not know what to do. Ma's cabinet is also a problem, Lee said. A "novelist," not a politician, Premier Liu Chao-shiuan was not a capable leader when he served as vice premier in the 1990s, Lee asserted. (Note: Liu, a chemist and educator, has published a number of martial arts novels.)

16. (C) Lee said he sympathized with the large-scale protest demonstration against Ma Ying-jeou and China that took place in Taipei on October 25. While he did not join the event himself, Lee noted that the Taiwan Solidarity Union (TSU) mobilized large numbers of participants. (Note: Lee is "spiritual leader" of the TSU.) Lee said DPP Chairperson Tsai Ing-wen is becoming more independent of Chen Shui-bian and now doing a better job. However, reforming the DPP is difficult, and Lee was skeptical that Tsai would be able to effectively manage the powerful factions and forces within the party. Lee criticized former president Chen Shui-bian, saying his corruption was "frightening," and that his attitude represented "Asian values" (as opposed to modern, democratic values). (Note: This is also an apparent slap at Singapore's strongman Lee Kuan-yew, whose championing of "Asian values" was meant to oppose Western democracy.)

17. (C) Lee told the Director he had recently advised Mainland Affairs Council (MAC) Chairperson Lai Shin-yuan to quit her government position because she was being forced to accommodate to the "old KMT" rather than defend Taiwan's interests, for example, in the tainted milk incident. (Note: In a recent meeting, Lai told the Director that Lee had suggested she quit the TSU -- not her government position -- indicating he would continue to support her privately, though not publicly). Lee recalled that Ma had made a case for Lai to serve as MAC chairperson when he visited Lee shortly before his inauguration. At the time, Ma had said he hoped Lai would serve as a brake on other KMT leaders who wanted to

move too quickly in developing cross-Strait relations. Now, however, Ma has adjusted his own approach, accelerating the pace of cross-Strait relations, and Lai is following the lead of Ma and the KMT old guard.

18. (C) Lee predicted that China will gradually understand Taiwan's democracy as it develops. China needs to open up and integrate Eastern and Western civilizations, and PRC President Hu Jintao does not necessarily fear democracy, Lee suggested, adding that Taiwan can serve as an important democratic model.

Comment

19. (C) We last met with Lee on May 14, just a week before Ma Ying-jeou's inauguration (reftel). At the time Lee was optimistic about the prospects for Ma's presidency, even claiming credit for mentoring Ma in the 1990s. The turnabout in Lee's evaluation probably reflects dissatisfaction with Ma's perceived weak leadership as well as unhappiness with some of Ma's mainland policies. Recently, Ma publicly repudiated the "two-state theory" on cross-Strait relations that Lee proposed in 1999. The 85 year old Lee remains as active and opinionated as ever, playing golf twice a week, writing and giving political speeches, and helping out at the Taiwan Seminary.
SYOUNG